

# **LG Electronics Inc.**

**Separate Interim Financial Statements**

**March 31, 2021 and 2020**

**LG Electronics Inc.**  
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**March 31, 2021 and 2020**

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## **Report on Review of Interim Financial Statements**

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of  
LG Electronics Inc.

### ***Reviewed Financial Statements***

We have reviewed the accompanying separate interim financial statements of LG Electronics Inc. (referred to as the "Company"). These financial statements consist of the separate interim statement of financial position of the Company as at March 31, 2021, and the related separate interim statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of separate interim financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to issue a report on these separate interim financial statements based on our review.

We conducted our review in accordance with quarterly or semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe the accompanying separate interim financial statements are not presented fairly, in all material respects, in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

**Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 3 to these separate interim financial statements of the Company, which describes the uncertainty, relating to the impact of the spread of Coronavirus Disease-19 (“COVID-19”) on the Company’s productivity and ability to fulfill customer’s orders.

**Other Matters**

We have audited the separate statement of financial position of the Company as at December 31, 2020, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 4, 2021. The separate statement of financial position as at December 31, 2020, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as at December 31, 2020.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

May 17, 2021  
Seoul, Korea

<p>This report is effective as of May 17, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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**LG Electronics Inc.**  
**Separate Interim Statements of Financial Position**  
**March 31, 2021 and December 31, 2020**

(in millions of Korean won)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,31	1,557,901	1,916,739
Deposits held by financial institutions	4,31	80,000	80,000
Trade receivables	4,5,31	5,222,230	4,995,299
Other receivables	4,5,31	373,504	425,809
Other financial assets	4,6,31	3	1,750
Inventories	7	1,693,420	1,594,084
Current tax assets		1,164	1,023
Contract assets	8	321,151	388,350
Other current assets		284,264	253,343
Assets held for sale	32	13,346	13,346
		<u>9,546,983</u>	<u>9,669,743</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	4,31	1,510	1,371
Other receivables	4,5,31	204,688	191,172
Other financial assets	4,6,31	97,802	94,404
Property, plant and equipment	9	7,293,371	7,318,557
Intangible assets	9	1,987,716	2,053,815
Deferred tax assets		1,145,041	1,151,324
Investments in subsidiaries, associates and joint ventures	10	8,889,497	8,881,286
Contract assets	8	47,223	38,976
Other non-current assets		289,125	299,339
		<u>19,955,973</u>	<u>20,030,244</u>
<b>Total assets</b>		<u>29,502,956</u>	<u>29,699,987</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,31	6,710,252	6,290,494
Borrowings	4,11,31	1,057,160	1,013,345
Lease liabilities	4,12,31	62,761	68,346
Other payables	4,31	1,981,695	1,999,555
Other financial liabilities	4,6,31	10,037	6,215
Current tax liabilities		27,856	39,003
Provisions	14	596,832	588,011
Contract liabilities	8	423,402	396,313
Other current liabilities		1,547,842	1,700,061
		<u>12,417,837</u>	<u>12,101,343</u>
<b>Non-current liabilities</b>			
Borrowings	4,11,31	6,547,616	6,811,353
Lease liabilities	4,12,31	50,707	53,524
Other payables	4,31	200	200
Other financial liabilities	4,6,31	70,610	125,250
Net defined benefit liabilities	13	376,387	401,900
Provisions	14	125,229	138,852
Contract liabilities	8	4,107	3,554
Other non-current liabilities		142,054	142,278
		<u>7,316,910</u>	<u>7,676,911</u>
<b>Total liabilities</b>		<u>19,734,747</u>	<u>19,778,254</u>

**LG Electronics Inc.**  
**Separate Interim Statements of Financial Position**  
**March 31, 2021 and December 31, 2020**

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<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>March 31, 2021 (Unaudited)</b>	<b>December 31, 2020</b>
<b>Equity</b>			
Paid-in capital:	15		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	16	5,849,853	6,018,118
Accumulated other comprehensive loss	17	(41,173)	(55,914)
Other components of equity	18	<u>(32,819)</u>	<u>(32,819)</u>
<b>Total equity</b>		<u>9,768,209</u>	<u>9,921,733</u>
<b>Total liabilities and equity</b>		<u>29,502,956</u>	<u>29,699,987</u>

**LG Electronics Inc.**  
**Separate Interim Statements of Profit or Loss**  
**Three-month Periods Ended March 31, 2021 and 2020**

<i>(in millions of Korean won, except per share amounts)</i>	<b>Notes</b>	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
<b>Net sales</b>	19	7,089,731	6,757,348
<b>Cost of sales</b>	20	5,520,655	5,120,247
<b>Gross profit</b>		1,569,076	1,637,101
Selling and marketing expenses	20,21	757,677	626,898
Administrative expenses	20,21	117,059	105,765
Research and development expenses	20,21	477,701	462,884
Service costs	20,21	176,538	103,993
<b>Operating profit</b>		40,101	337,561
Financial income	22	84,027	65,022
Financial expenses	23	101,588	174,205
Other non-operating income	24	231,633	966,696
Other non-operating expenses	25	304,911	346,981
Profit (loss) before income tax		(50,738)	848,093
Income tax expense (benefit)		(25,809)	191,257
<b>Profit (loss) for the period</b>		(24,929)	656,836
<b>Earnings (losses) per share during the period</b>			
<i>(in Korean won) :</i>	26		
Earnings (losses) per ordinary share		(140)	3,647
Earnings (losses) per preferred share		(127)	3,659

**LG Electronics Inc.**  
**Separate Interim Statements of Comprehensive Income**  
**Three-month Periods Ended March 31, 2021 and 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2021 (Unaudited)</b>	<b>2020 (Unaudited)</b>
<b>Profit (loss) for the period</b>		(24,929)	656,836
<b>Other comprehensive income (loss), net of tax</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of the net defined benefit liability	13	73,602	(669)
Financial assets at fair value through other comprehensive income	6	(5,433)	(3,049)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Cash flow hedges	31	20,174	(27,567)
<b>Other comprehensive income (loss) for the period, net of tax</b>		88,343	(31,285)
<b>Total comprehensive income for the period, net of tax</b>		63,414	625,551



**LG Electronics Inc.**

**Separate Interim Statements of Changes in Equity**

**Three-month Periods Ended March 31, 2021 and 2020**

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Other Components of Equity	Total Equity
<b>Balance at January 1, 2020</b>		3,992,348	5,006,105	(72,304)	(32,819)	8,893,330
<b>Total comprehensive income (loss):</b>						
Profit for the period		-	656,836	-	-	656,836
Remeasurements of the net defined benefit liability	13	-	(669)	-	-	(669)
Financial assets at fair value through other comprehensive income	6	-	-	(3,049)	-	(3,049)
Cash flow hedges	31	-	-	(27,567)	-	(27,567)
<b>Total comprehensive income (loss)</b>		-	656,167	(30,616)	-	625,551
<b>Transactions with owners:</b>						
Dividends	16	-	(135,909)	-	-	(135,909)
<b>Total transactions with owners</b>		-	(135,909)	-	-	(135,909)
<b>Balance at March 31, 2020 (Unaudited)</b>		<u>3,992,348</u>	<u>5,526,363</u>	<u>(102,920)</u>	<u>(32,819)</u>	<u>9,382,972</u>
<b>Balance at January 1, 2021</b>		3,992,348	6,018,118	(55,914)	(32,819)	9,921,733
<b>Total comprehensive income (loss):</b>						
Loss for the period		-	(24,929)	-	-	(24,929)
Remeasurements of the net defined benefit liability	13	-	73,602	-	-	73,602
Financial assets at fair value through other comprehensive income	6	-	-	(5,433)	-	(5,433)
Cash flow hedges	31	-	-	20,174	-	20,174
<b>Total comprehensive income (loss)</b>		-	48,673	14,741	-	63,414
<b>Transactions with owners:</b>						
Dividends	16	-	(216,938)	-	-	(216,938)
<b>Total transactions with owners</b>		-	(216,938)	-	-	(216,938)
<b>Balance at March 31, 2021 (Unaudited)</b>		<u>3,992,348</u>	<u>5,849,853</u>	<u>(41,173)</u>	<u>(32,819)</u>	<u>9,768,209</u>

## LG Electronics Inc.

### Separate Interim Statements of Cash Flows

Three-month Periods Ended March 31, 2021 and 2020

<i>(in millions of Korean won)</i>	Notes	Three-month Period Ended March 31	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	256,223	(94,344)
Interest received		1,878	2,679
Interest paid		(55,691)	(61,954)
Dividend received		54,740	9,322
Income tax refund (paid)		(24,829)	13,040
<b>Net cash inflow (outflow) from operating activities</b>		232,321	(131,257)
<b>Cash flows from investing activities</b>			
Decrease in other receivables		15,814	22,326
Proceeds from redemption and disposal of other financial assets		212	2,568
Proceeds from disposal of property, plant and equipment		6,185	8,419
Proceeds from disposal of intangible assets		326	437
Proceeds from redemption and disposal of investment in subsidiaries, associates and joint ventures		-	643,930
Transfer of business		-	43
Increase in deposits held by financial institutions		(139)	(11,701)
Increase in other receivables		(23,609)	(48,822)
Acquisition of other financial assets		(10,552)	(5,109)
Acquisition of property, plant and equipment		(224,146)	(169,254)
Acquisition of intangible assets		(89,662)	(188,563)
Acquisition of investments in subsidiaries, associates and joint ventures		(8,211)	(3,766)
<b>Net cash inflow (outflow) from investing activities</b>		(333,782)	250,508
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		177,560	498,681
Repayments of borrowings		(416,571)	(246,786)
Repayments of lease liabilities		(19,086)	(17,582)
<b>Net cash inflow (outflow) from financing activities</b>		(258,097)	234,313
Effects of exchange rate changes on cash and cash equivalents		720	(1,340)
<b>Net increase (decrease) in cash and cash equivalents</b>		(358,838)	352,224
Cash and cash equivalents at the beginning of the period		1,916,739	918,795
<b>Cash and cash equivalents at the end of the period</b>		1,557,901	1,271,019

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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**1. General Information**

LG Electronics Inc. (the “Company”) was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Company’s shares were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange at the end of the reporting period. The Company is domiciled in Korea at Yeoui-daero, Yeongdeungpo-gu, Seoul.

As at March 31, 2021, LG Corp. owns 33.7% of the Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company operates following major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs and digital media products; Mobile Communications segment manufactures and sells mobile communications equipment; Vehicle components Solutions segment designs and manufactures automobile parts; and Business Solutions segment manufactures and sells monitors, PCs, information displays, solar panels and others. As at March 31, 2021, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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**2. Significant Accounting Policies**

**Basis of Preparation**

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying separate interim financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

The financial statements of the Company are the separate interim financial statements prepared in accordance with Korean IFRS 1027 *Separate Financial Statements*. The separate interim financial statements for the three-month period ended March 31, 2021, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective as at March 31, 2021.

**Changes in Accounting Policies and Disclosures**

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2021.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform (Phase 2 amendments)*

In relation to interest rate benchmark reform, the amendments provide exceptions including the adjustment of effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship.

The Company has financial instruments subject to interest rate benchmark reform, however there is no completed transition to alternative benchmark during the current period. The amendments do not have a significant impact on the separate interim financial statements.

- *Amendments to Korean IFRS 1116 - Covid-19 - Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022.

With early adoption of Korean IFRS 1116 *Lease*, the Company has retrospectively applied the changed accounting policy according to the application of the practical expedient and the transitional provisions in the standard for the rent concessions and others that meet the requirements. However, there is no cumulative impact of initial application on the beginning balance of retained earnings as at January 1, 2021, and the Company did not restate comparatives for the 2020 reporting period. The amendments do not have a significant impact on the separate interim financial statements.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
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(b) New, enacted and amended standards issued, but not effective for March 31, 2021, and not early adopted by the Company.

*- Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

*- Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended Use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

*- Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

*- Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

**LG Electronics Inc.**  
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*- Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability include the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023. The Company does not expect that these amendments have a significant impact on the separate interim financial statements.

**Application of Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed separate interim financial statements are consistent with those of the separate interim financial statements for the year ended December 31, 2020, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the ones described below.

**Income Tax Expense**

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income for the period.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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**3. Critical Accounting Estimates and Judgements**

The estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

**Critical Accounting Estimates and Assumptions**

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The spread of COVID-19 has a material impact on domestic and foreign economy. It may have a negative impact; such as decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Company, and the impact is expected to be continued to the separate annual financial statements in 2021.

Significant accounting estimates and assumptions applied in the preparation of the separate interim financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Company's business, financial position and financial performance cannot presently be determined.

The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

(a) Revenue Recognition

The Company recognizes revenue over time using the percentage of completion method for the rendering of service such as equipment production and installation. The Company measures the percentage of completion by estimating cost for the completion of the transaction, and the factors for the estimation of revenue may vary.

(b) Impairment of Goodwill

The Company tests goodwill and others regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value-in-use calculations. These calculations require estimates.

(c) Income Taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

## **LG Electronics Inc.**

### **Notes to the Separate Interim Financial Statements**

**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

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#### (d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period.

#### (e) Provisions

The Company recognizes provisions for product warranties and others based on their historical data at the end of the reporting period.

#### (f) Net Defined Benefit Liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

#### (g) Development Costs

The Company capitalizes development costs when there is a reasonable assurance that projects have technical feasibility and the possibility of generating future economic benefits, and performs periodic impairment test. The recoverable amount of each project has been calculated on a basis of the value-in-use reflecting historical experience and future business plans. These calculations require estimates.

#### (h) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment of reasonable certainty to exercise (or not exercise) an extension option is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.



**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**March 31, 2021 and 2020 (Unaudited), and December 31, 2020**

**4. Financial Instruments by Category**

(a) Categorizations of financial instruments as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,557,901	-	-	-	1,557,901
Deposits held by financial institutions	81,510	-	-	-	81,510
Trade receivables	5,213,051	9,179	-	-	5,222,230
Other receivables	578,192	-	-	-	578,192
Other financial assets	-	57,202	40,109	494	97,805
<b>Total</b>	<b>7,430,654</b>	<b>66,381</b>	<b>40,109</b>	<b>494</b>	<b>7,537,638</b>

<i>(in millions of Korean won)</i>	March 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,710,252	-	-	6,710,252
Borrowings	7,604,776	-	-	7,604,776
Lease liabilities	-	-	113,468	113,468
Other payables	1,981,895	-	-	1,981,895
Other financial liabilities	-	34	80,613	80,647
<b>Total</b>	<b>16,296,923</b>	<b>34</b>	<b>194,081</b>	<b>16,491,038</b>

# LG Electronics Inc.

## Notes to the Separate Interim Financial Statements

March 31, 2021 and 2020 (Unaudited), and December 31, 2020

<i>(in millions of Korean won)</i>	December 31, 2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	1,916,739	-	-	-	1,916,739
Deposits held by financial institutions	81,371	-	-	-	81,371
Trade receivables	4,920,364	74,935	-	-	4,995,299
Other receivables	616,981	-	-	-	616,981
Other financial assets	-	64,850	29,554	1,750	96,154
<b>Total</b>	<b>7,535,455</b>	<b>139,785</b>	<b>29,554</b>	<b>1,750</b>	<b>7,706,544</b>

<i>(in millions of Korean won)</i>	December 31, 2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,290,494	-	-	6,290,494
Borrowings	7,824,698	-	-	7,824,698
Lease liabilities	-	-	121,870	121,870
Other payables	1,999,755	-	-	1,999,755
Other financial liabilities	-	-	131,465	131,465
<b>Total</b>	<b>16,114,947</b>	<b>-</b>	<b>253,335</b>	<b>16,368,282</b>

(b) Net gains or losses on each category of financial instruments for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	2,440	-	-	-	2,440
Exchange differences	161,639	-	-	-	161,639
Bad debt expenses	(316)	-	-	-	(316)
Loss on disposal of trade receivables	(371)	(26)	-	-	(397)
Dividend income	-	187	-	-	187
Gain on derivatives (through profit or loss)	-	-	3	-	3
Fair value loss, net of tax (through other comprehensive income)	-	(5,433)	-	-	(5,433)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	283	283
Others	(218)	-	-	-	(218)

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<i>(in millions of Korean won)</i>	2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(45,271)	-	(9,000)	(54,271)
Exchange differences	(200,741)	-	23,513	(177,228)
Loss on derivatives (through profit or loss)	-	(34)	-	(34)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	19,891	19,891
Others	-	-	(69)	(69)

<i>(in millions of Korean won)</i>	2020				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	3,652	-	-	-	3,652
Exchange differences	138,097	-	-	-	138,097
Bad debt expense	(2,260)	-	-	-	(2,260)
Loss on disposal of trade receivables	(758)	(196)	-	-	(954)
Dividend income	-	151	-	-	151
Fair value loss, net of tax (through other comprehensive income)	-	(3,049)	-	-	(3,049)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	(3,548)	(3,548)
Others	(2,633)	-	-	-	(2,633)

<i>(in millions of Korean won)</i>	2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(57,703)	-	(4,674)	(62,377)
Exchange differences	(281,706)	-	33,954	(247,752)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(24,019)	(24,019)
Others	-	-	(2,392)	(2,392)

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**5. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2021			December 31, 2020		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,287,897	(65,667)	5,222,230	5,060,475	(65,176)	4,995,299
Other receivables						
Current	385,422	(11,918)	373,504	437,901	(12,092)	425,809
Non-current	204,701	(13)	204,688	191,183	(11)	191,172

(b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021			
	At January 1	Addition (Reversal)	Write-off and other	At March 31
Trade receivables	65,176	491	-	65,667
Other receivables				
Current	12,092	(177)	3	11,918
Non-current	11	2	-	13
2020				
<i>(in millions of Korean won)</i>	At January 1	Addition	Write-off and other	At March 31
Trade receivables	62,322	1,598	-	63,920
Other receivables				
Current	9,640	89	3	9,732
Non-current	542	573	-	1,115

(c) The aging analysis of trade receivables and other receivables as at March 31, 2021 and December 31, 2020, is as follows:

<i>(in millions of Korean won)</i>	March 31, 2021				December 31, 2020			
	Trade receivables	Other receivables		Total	Trade receivables	Other receivables		Total
		Current	Non-current			Current	Non-current	
<b>Receivables not past due</b>	4,772,012	301,446	165,036	5,238,494	4,529,748	339,102	187,852	5,056,702
<b>Past due but not impaired</b>								
Up to 6 months	275,405	11,384	38,137	324,926	305,046	7,363	1,468	313,877
7 to 12 months	23,449	716	-	24,165	50,918	21,796	1,863	74,577
Over 1 year	110,403	59,732	1,528	171,663	67,936	57,113	-	125,049
<b>Subtotal</b>	409,257	71,832	39,665	520,754	423,900	86,272	3,331	513,503
<b>Impaired</b>	106,628	12,144	-	118,772	106,827	12,527	-	119,354
<b>Total</b>	5,287,897	385,422	204,701	5,878,020	5,060,475	437,901	191,183	5,689,559

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- (d) Trade receivables have been discounted through collateralized borrowing agreements with banks for the three-month period ended March 31, 2021. In case the customers default, the Company has an obligation to pay the related amounts to the banks. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11). Discounted trade receivables as at March 31, 2021 amount to ₩57,201 million and there were no discounted trade receivables as at December 31, 2020.

**6. Other Financial Assets and Liabilities**

- (a) Details of other financial assets and liabilities as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Other financial assets</b>		
Derivatives	497	1,750
Financial assets at fair value through other comprehensive income	57,202	64,850
Financial assets at fair value through profit or loss	40,106	29,554
<b>Total</b>	<b>97,805</b>	<b>96,154</b>
Current	3	1,750
Non-current	97,802	94,404

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Other financial liabilities</b>		
Derivatives	67,699	118,614
Financial guarantee liability	12,948	12,851
<b>Total</b>	<b>80,647</b>	<b>131,465</b>
Current	10,037	6,215
Non-current	70,610	125,250

- (b) Details of derivatives as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Currency forward	3	34	-	-
Cross-currency swap	-	3,461	1,750	-
<b>Subtotal</b>	<b>3</b>	<b>3,495</b>	<b>1,750</b>	<b>-</b>
<b>Non-current</b>				
Cross-currency swap	494	13,983	-	50,171
Interest rate swap	-	50,221	-	68,443
<b>Subtotal</b>	<b>494</b>	<b>64,204</b>	<b>-</b>	<b>118,614</b>
<b>Total</b>	<b>497</b>	<b>67,699</b>	<b>1,750</b>	<b>118,614</b>

The details of major derivative contracts at the end of the reporting period are presented in Note

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(c) Changes in carrying amount of financial assets at fair value through other comprehensive income for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>				
	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Valuation</b>	<b>At March 31</b>
Listed equity securities	38,934	-	(212)	(7,436)	31,286
Unlisted equity securities	25,916	-	-	-	25,916
<b>Total</b>	<b>64,850</b>	<b>-</b>	<b>(212)</b>	<b>(7,436)</b>	<b>57,202</b>

<i>(in millions of Korean won)</i>	<b>2020</b>				
	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Valuation</b>	<b>At March 31</b>
Listed equity securities	10,835	-	-	(4,182)	6,653
Unlisted equity securities	27,679	3,941	-	-	31,620
<b>Total</b>	<b>38,514</b>	<b>3,941</b>	<b>-</b>	<b>(4,182)</b>	<b>38,273</b>

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>				
	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Valuation</b>	<b>At March 31</b>
Unlisted equity securities <sup>1</sup>	29,554	5,320	-	-	34,874
Debt securities	-	5,232	-	-	5,232
<b>Total</b>	<b>29,554</b>	<b>10,552</b>	<b>-</b>	<b>-</b>	<b>40,106</b>

<i>(in millions of Korean won)</i>	<b>2020</b>				
	<b>At January 1</b>	<b>Acquisition</b>	<b>Disposals</b>	<b>Valuation</b>	<b>At March 31</b>
Unlisted equity securities	21,282	1,174	(2,568)	-	19,888

<sup>1</sup> Equity securities in EDWO Co., Ltd., which the Company can exercise a significant influence in the Board of Directors of the investee although the percentage of ownership is less than 20%, are included. However, since the equity securities are redeemable convertible preferred shares, they are measured at fair value instead of using the equity method of accounting.

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**7. Inventories**

Inventories as at March 31, 2021 and December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>			<b>December 31, 2020</b>		
	<b>Cost</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>	<b>Cost</b>	<b>Valuation allowance</b>	<b>Carrying amount</b>
Finished products and merchandise	821,310	(33,930)	787,380	876,329	(41,253)	835,076
Work-in-process	129,329	(535)	128,794	98,171	(415)	97,756
Raw materials and supplies	724,167	(57,215)	666,952	611,955	(56,325)	555,630
Other	131,936	(21,642)	110,294	126,892	(21,270)	105,622
<b>Total</b>	<b>1,806,742</b>	<b>(113,322)</b>	<b>1,693,420</b>	<b>1,713,347</b>	<b>(119,263)</b>	<b>1,594,084</b>

**8. Contract Assets and Contract Liabilities**

(a) Contract assets as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Due from customers	305,892	363,897
(Less: allowance for doubtful accounts)	(2)	(2)
Right to recover returned products	1,136	667
Costs to fulfill contracts and others	61,348	62,764
<b>Total</b>	<b>368,374</b>	<b>427,326</b>
Current	321,151	388,350
Non-current	47,223	38,976

(b) Contract liabilities as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Expected promotional incentives for customers	134,627	164,418
Expected returns from customers	1,796	1,005
Customer loyalty program	34,737	30,275
Rendering of warranty services	13,931	15,846
Due to customers and others	242,418	188,323
<b>Total</b>	<b>427,509</b>	<b>399,867</b>
Current	423,402	396,313
Non-current	4,107	3,554

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(c) Revenue recognized in relation to contract liabilities for the three-month periods ended March 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Revenue recognized that was included in the contract liability amount at the beginning of the period:		
Due to customers and others	118,916	120,070
Customer loyalty program	9,177	14,606
Rendering of warranty services	4,056	5
<b>Total</b>	<b>132,149</b>	<b>134,681</b>
Revenue recognized from performance obligations satisfied in previous periods	3,283	2,190

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations was ₩432,612 million which were expected to be satisfied by 2023, at the latest. Also, as a practical expedient, the Company excluded performance obligation which was a part of contract that had an original expected duration of one year or less.

(e) For the three-month period ended March 31, 2021, there is no reversal of impairment loss recognized by the Company (March 31, 2020: reversal of impairment loss of ₩2,468 million) in relation to due from customers, and amortization and other costs of ₩3,067 million (March 31, 2020: ₩8,242 million) in relation to costs to fulfill contracts.



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**9. Property, Plant and Equipment, and Intangible Assets**

(a) Changes in property, plant and equipment for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	7,318,557	7,331,504
Acquisitions	177,584	131,655
Disposals and others	(8,675)	(6,125)
Depreciation	(193,674)	(190,901)
Impairment losses	(421)	(61)
<b>At March 31</b>	<b>7,293,371</b>	<b>7,266,072</b>

(b) Line items including depreciation in the separate interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Cost of sales	153,066	148,495
Selling and marketing expenses	9,311	9,564
Administrative expenses	12,146	12,434
Research and development expenses	13,522	14,509
Service costs	4,628	4,376
Other non-operating expenses	1,001	1,523
<b>Total</b>	<b>193,674</b>	<b>190,901</b>

(c) Changes in right-of-use assets included in property, plant and equipment for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	125,762	133,533
Acquisitions	12,046	25,276
Disposals and others	(727)	(240)
Depreciation	(19,836)	(21,528)
<b>At March 31</b>	<b>117,245</b>	<b>137,041</b>

The amount recognized as lease income in relation to sublease of the above right-of-use assets for the three-month period March 31, 2021, was ₩2,910 million (March 31, 2020: ₩3,234 million).

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(d) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	2,053,815	1,440,219
Acquisitions	68,345	45,465
Acquisitions by internal development	44,417	158,296
Disposals and others	(12,449)	(10,253)
Amortization	(144,095)	(79,491)
Impairment losses	(22,317)	(1,137)
<b>At March 31</b>	<b>1,987,716</b>	<b>1,553,099</b>

(e) Line items including amortization of intangible assets in the separate interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Cost of sales	120,836	51,518
Selling and marketing expenses	1,889	2,687
Administrative expenses	7,167	8,964
Research and development expenses	13,874	16,142
Service costs	329	180
<b>Total</b>	<b>144,095</b>	<b>79,491</b>

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**10. Investments in Subsidiaries, Associates and Joint Ventures**

(a) Investments in subsidiaries, associates and joint ventures as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at March 31, 2021 (%)	Carrying amount	
				March 31, 2021	December 31, 2020
<b>Subsidiaries</b>					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
ZKW Holding GmbH	Austria	December	70.0	878,201	878,201
LG Innotek Co., Ltd.	Korea	December	40.8	541,538	541,538
LG ELECTRONICS INDIA PRIVATE LIMITED(LGEIL)	India	March	100.0	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
LG Electronics (Tianjin) Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holding B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	88.4	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Hai Phong Co., Ltd.(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	79,222	79,222
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
LG Electronics (Shenyang) Inc(LGESY)	China	December	56.3	62,033	62,033
LG Electronics (Thailand) Company Limited(LGETH)	Thailand	December	100.0	55,578	55,578
LG ELECTRONICS AUSTRALIA PTY LIMITED(LGEAP)	Australia	December	100.0	50,664	50,664
LG Electronics Fund I LLC <sup>1</sup>	USA	December	100.0	48,689	45,045
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	China	December	60.0	48,624	48,624
LG Electronics Ticaret A.S.(LGETK)	Turkey	December	100.0	47,320	47,320
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645
LG Electronics (Huizhou) Inc.(LGEHZ)	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology Co.,Ltd.(LGENT)	China	December	45.0	38,744	38,744
ZKW Austria Immobilien Holding GmbH	Austria	December	70.0	35,640	35,640
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South Africa	December	100.0	30,175	30,175
Nanjing LG Panda Appliances Co., Ltd(LGEPN)	China	December	50.0	26,614	26,614
LG Electronics Colombia Limitada(LGECB)	Colombia	December	60.7	25,215	25,215

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<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at March 31, 2021 (%)	Carrying amount	
				March 31, 2021	December 31, 2020
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	China	December	60.0	22,142	22,142
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGSi)	India	March	100.0	20,105	20,105
Hi-M.Solutek <sup>2</sup>	Korea	December	100.0	1,812	3,654
Hi-Caresolution Corp <sup>2</sup>	Korea	December	100.0	1,842	-
Others				192,605	192,605
<b>Associates</b>					
LG Display Co., Ltd.	Korea	December	37.9	3,480,623	3,480,623
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	131,378	131,378
Robostar Co.,Ltd.	Korea	December	33.4	88,112	88,112
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
ROBOTIS Co., Ltd. <sup>3</sup>	Korea	December	8.5	9,000	9,000
Acryl Inc. <sup>3</sup>	Korea	December	14.5	2,000	2,000
AIM Future, Inc. <sup>3</sup>	Korea	December	19.9	800	800
<b>Joint ventures</b>					
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Turkey	December	50.0	40,844	40,844
LG-LHT Aircraft Solutions GmbH <sup>1</sup>	Germany	December	49.0	14,171	12,039
LG-LHT Passenger Solutions GmbH <sup>1</sup>	Germany	December	49.0	12,769	10,637
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
GUANGDONG SMART LIFE TECHNOLOGY CO., LTD. <sup>1</sup>	China	December	35.0	1,194	891
<b>Total</b>				<b>8,889,497</b>	<b>8,881,286</b>

<sup>1</sup> It was additionally acquired during the three-month period ended March 31, 2021.

<sup>2</sup> Hi-Caresolution Corp was newly established through spin-off of Hi-M Solutek during the three-month period ended March 31, 2021.

<sup>3</sup> Classified as an associate although the percentage of ownership is less than 20% because the Company can exercise a significant influence in the Board of Directors of the investee.

(b) Changes in investments in subsidiaries, associates and joint ventures for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
<b>At January 1</b>	8,881,286	9,022,290
Acquisitions	8,211	3,766
Disposal <sup>1</sup>	-	(53,277)
<b>At March 31</b>	<b>8,889,497</b>	<b>8,972,779</b>

<sup>1</sup> The Company disposed all shares of LG HOLDINGS (HK) LIMITED for ₩722,086 million during the three-month period ended March 31, 2021, and recognized gain on disposal of ₩666,667 million, net of related costs, in 'other non-operating income' (Note 24).

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(c) Details of marketable investments in subsidiaries and associates as at March 31, 2021 and December 31, 2020, are as follows:

<b>March 31, 2021</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	22,750	3,085,469	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	205,500	1,983,729	541,538
Robostar Co.,Ltd.	Associate	3,256,500	23,700	77,179	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	16,350	15,721	9,000

  

<b>December 31, 2020</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (in Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	18,550	2,515,844	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	182,500	1,761,706	541,538
Robostar Co.,Ltd.	Associate	3,256,500	19,250	62,688	88,112
ROBOTIS Co.,Ltd.	Associate	961,550	13,750	13,221	9,000

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**11. Borrowings**

(a) Carrying amounts of borrowings as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Current</b>		
Short-term borrowings	256,444	200,736
Current portion of long-term borrowings	237,714	232,714
Current portion of debentures	563,002	579,895
<b>Subtotal</b>	<b>1,057,160</b>	<b>1,013,345</b>
<b>Non-current</b>		
Long-term borrowings	2,397,223	2,452,679
Debentures	4,150,393	4,358,674
<b>Subtotal</b>	<b>6,547,616</b>	<b>6,811,353</b>
<b>Total</b>	<b>7,604,776</b>	<b>7,824,698</b>

(b) Details of borrowings as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Latest maturity date</b>	<b>Annual interest rate at March 31, 2021 (%)</b>	<b>Carrying amount</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Short-term borrowings in foreign currency</b>					
LG Electronics European Shared Service Center B.V.(LGESC) and others <sup>1</sup>	2021. 6. 25	0.56 ~ 1.78		256,444	200,736
<b>Long-term borrowings in local currency</b>					
Korea Development Bank and others	2035. 1. 9	1.57 ~ 3.50		2,009,749	2,066,321
<b>Long-term borrowings in foreign currency</b>					
KEB Hana Bank and others	2030. 8. 1	0.56 ~ 2.50		625,188	619,072
<b>Local currency debentures</b>					
Public, non-guaranteed bonds	2035. 2. 25	1.62 ~ 4.44		3,170,000	3,530,000
Private, non-guaranteed bonds	2041. 2. 9	2.66 ~ 4.21		980,000	860,000
<b>Foreign currency debentures</b>					
Private, non-guaranteed bonds	2028. 6. 8	0.98 ~ 1.81		440,784	425,191
Private, guaranteed bonds	2023. 2. 24	0.21		132,828	133,824
Less: discount on debentures				(10,217)	(10,446)
<b>Total</b>				<b>7,604,776</b>	<b>7,824,698</b>

<sup>1</sup> The above short-term borrowings in foreign currency includes collateralized short-term borrowings amounting to ₩57,201 million.

The Company entered into interest rate swap and cross-currency swap contracts to hedge cash flow risk related to floating interest rate and foreign exchange rate of some portion of borrowings (Note 31).

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**12. Lease Liabilities**

(a) Details of lease liabilities as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Lease liabilities</b>		
Current	62,761	68,346
Non-current	50,707	53,524
<b>Total</b>	<b>113,468</b>	<b>121,870</b>

(b) The amounts, relating to leases, recognized in the separate interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Interest expense relating on lease liabilities	972	1,312
Short-term lease payments (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	7,925	9,452
Payments for leases of low-value assets that are not short-term leases (included in cost of sales, selling and marketing expenses, administrative expenses, and others)	4,160	4,307

(c) Total expenses for leases including short-term leases and leases of low-value assets for the three-month period ended March 31, 2021, are ₩32,123 million (March 31, 2020: ₩32,575 million).

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**13. Post-employment Benefits**

**Defined Benefit Plan**

(a) The amounts of net defined benefit liabilities as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Present value of funded obligations	3,233,334	3,278,480
Fair value of plan assets	(2,856,947)	(2,876,580)
<b>Net defined benefit liabilities</b>	<b>376,387</b>	<b>401,900</b>

(b) The amounts recognized in the separate interim statements of profit or loss for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Current service cost	81,270	75,497
Net interest cost	2,371	2,786
Operating management cost	541	487
<b>Total</b>	<b>84,182</b>	<b>78,770</b>

(c) Line items in which expenses are included for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Cost of sales	44,127	40,137
Selling and marketing expenses	10,048	9,478
Administrative expenses	4,451	4,542
Research and development expenses	19,085	18,596
Service costs	6,471	6,017
<b>Total</b>	<b>84,182</b>	<b>78,770</b>

(d) Movements in the present value of defined benefit obligations for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	<b>3,278,480</b>	<b>2,961,034</b>
Current service cost	81,270	75,497
Interest expense	18,996	16,578
Remeasurements for:		
- Actuarial loss arising from changes in financial assumptions	(105,094)	-
Benefits paid	(40,318)	(34,664)
<b>At March 31</b>	<b>3,233,334</b>	<b>3,018,445</b>



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(e) Movements in the fair value of plan assets for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>At January 1</b>	2,876,580	2,472,308
Interest income	16,625	13,792
Remeasurements of plan assets	(4,367)	(919)
Benefits paid	(31,350)	(28,007)
Operating management cost	(541)	(487)
<b>At March 31</b>	<b>2,856,947</b>	<b>2,456,687</b>

(f) The significant actuarial assumptions used as at March 31, 2021 and December 31, 2020, are as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	2.7%	2.4%
Expected salary growth rate	5.0%	5.0%

(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as at March 31, 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>1%p increase</b>	<b>1%p decrease</b>
Discount rate	(308,442)	359,718
Expected salary growth rate	346,591	(304,087)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations.

**Defined Contribution Plan**

The expense recognized for the three-month period ended March 31, 2021 in relation to the defined contribution plan was ₩1,965 million (March 31, 2020: ₩2,953 million).

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**14. Provisions**

Changes in provisions for the three-month periods ended March 31, 2021 and 2020, are as follows:

	<b>2021</b>			
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	615,998	10,233	100,632	726,863
Additional provisions, net <sup>1</sup>	90,765	297	207	91,269
Utilizations	(88,423)	(93)	(7,555)	(96,071)
<b>At March 31</b>	<b>618,340</b>	<b>10,437</b>	<b>93,284</b>	<b>722,061</b>
Current	590,805	6,027	-	596,832
Non-current	27,535	4,410	93,284	125,229
	<b>2020</b>			
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	518,383	10,324	77,380	606,087
Additional provisions, net <sup>1</sup>	30,983	372	12,489	43,844
Utilizations	(115,077)	(188)	(5,651)	(120,916)
<b>At March 31</b>	<b>434,289</b>	<b>10,508</b>	<b>84,218</b>	<b>529,015</b>
Current	407,618	5,645	-	413,263
Non-current	26,671	4,863	84,218	115,752

<sup>1</sup> Net amount of additional provisions equals to additional provisions less reversed amounts.

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**15. Paid-in Capital**

(a) At the end of the reporting period, the number of shares authorized is 600 million.

	Par value per share	March 31, 2021		December 31, 2020	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	5,000	17,185,992	85,930	17,185,992	85,930
<b>Total</b>		<b>180,833,806</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as at March 31, 2021, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity spin-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

**16. Retained Earnings**

Retained earnings as at March 31, 2021 and December 31, 2020, consist of:

(in millions of Korean won)	March 31, 2021	December 31, 2020
Legal reserve <sup>1</sup>	231,220	209,524
Discretionary reserve	5,569,860	4,660,573
Unappropriated retained earnings <sup>2</sup>	48,773	1,148,021
<b>Total</b>	<b>5,849,853</b>	<b>6,018,118</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

<sup>2</sup> Dividend for the year ended December 31, 2020 of ₩216,938 million was approved at the annual general meeting held on March 24, 2021, and paid in April 2021 (2020 payments: ₩135,909 million).

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**17. Accumulated Other Comprehensive Loss**

Accumulated other comprehensive loss as at March 31, 2021 and December 31, 2020, consists of:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash flow hedge	(52,852)	(73,026)
Financial assets at fair value through other comprehensive income	11,679	17,112
<b>Total</b>	<b>(41,173)</b>	<b>(55,914)</b>

**18. Other Components of Equity**

Other components of equity as at March 31, 2021 and December 31, 2020, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Treasury shares <sup>1</sup>	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
<b>Total</b>	<b>(32,819)</b>	<b>(32,819)</b>

<sup>1</sup> The Company has treasury shares consisting of 763,176 ordinary shares (December 31, 2020: 763,176 shares) and 4,693 preferred shares (December 31, 2020: 4,692 shares) at the end of the reporting period. The Company intends to either grant these treasury shares to employees and directors as compensation or to sell them in the future.

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**19. Net Sales**

(a) Details of net sales for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers:		
Sales of goods	6,635,068	6,381,977
Rendering of services	122,037	132,974
Royalty income	156,903	105,076
<b>Subtotal</b>	<b>6,914,008</b>	<b>6,620,027</b>
Revenue from other sources:		
Rental income and others	175,723	137,321
<b>Total</b>	<b>7,089,731</b>	<b>6,757,348</b>

(b) Details of revenue from contracts with customers for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
By type of products:		
Refrigerator/washing machine/air conditioner and others	3,160,898	2,953,961
TV/AV and others	1,030,757	934,449
Mobile communications	561,302	694,332
In-vehicle infotainment and others	785,092	617,356
Monitor/PC and others	1,116,005	1,098,791
Others	324,988	342,894
Inter-company transactions	(65,034)	(21,756)
Domestic/Export:		
Domestic	2,748,819	2,556,841
Export	4,165,189	4,063,186
Timing of transfer:		
Transferred at a point in time	6,388,317	6,081,696
Transferred over time	525,691	538,331

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(c) Changes in the estimates of total contract revenue and total contract costs

Due to the factors causing the changes in the costs of other segments during the three-month period ended March 31, 2021, the estimated total contract revenue and costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the three-month periods ended March 31, 2021 and the succeeding periods are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in estimated total contract revenue</b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit or loss for the period ended March 31, 2021</b>	<b>Impact on profit or loss for the succeeding periods</b>
Other segments	30,349	6,878	16,514	6,957

**20. Expenses by Nature**

Expenses that are recorded by nature for the three-month periods ended March 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Changes in finished goods and work-in-process	(33,870)	(43,095)
Raw materials and merchandise used	4,029,095	3,830,088
Employee benefit expense	1,142,105	972,267
Depreciation and amortization	336,768	268,869
Advertising expense	91,525	92,915
Promotion expense	43,091	41,908
Freight expense	256,675	151,275
Commission expense	470,330	445,906
Other expenses	713,911	659,654
<b>Total<sup>1</sup></b>	<b>7,049,630</b>	<b>6,419,787</b>

<sup>1</sup> Cost of sales, selling and marketing expenses, administrative expenses, research and development expenses and service costs are included.

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**21. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses and Service Costs)**

Details of general operating expenses for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Salaries	410,281	341,007
Post-employment benefits	44,516	43,072
Employee welfare benefits	70,737	68,923
Freight expense	254,529	149,748
Rental expense	8,736	9,909
Commission expense	330,839	311,246
Depreciation	39,607	40,883
Amortization	23,259	27,973
Taxes and dues	4,436	3,472
Advertising expense	91,525	92,915
Promotional expense	43,091	41,908
R&D expense	96,344	116,331
Direct service costs	63,670	25,758
Bad debts expense (reversal)	491	(870)
Others	46,914	27,265
<b>Total</b>	<b>1,528,975</b>	<b>1,299,540</b>

**22. Financial Income**

Financial income for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Interest income	2,440	3,652
Exchange differences	81,371	60,953
Others	216	417
<b>Total</b>	<b>84,027</b>	<b>65,022</b>

**23. Financial Expenses**

Financial expenses for the three-month periods ended March 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Interest expense	54,271	62,377
Exchange differences	46,417	105,432
Loss on disposal of trade receivables	397	954
Others	503	5,442
<b>Total</b>	<b>101,588</b>	<b>174,205</b>

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**24. Other Non-operating Income**

Other non-operating income for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Dividend income	12,195	11,498
Exchange differences	216,198	273,043
Gain on disposal of property, plant and equipment	1,814	1,742
Gain on disposal of intangible assets	1	-
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	666,667
Gain on valuation of derivatives	3	-
Others	1,422	13,746
<b>Total</b>	<b>231,633</b>	<b>966,696</b>

**25. Other Non-operating Expenses**

Other non-operating expenses for the three-month periods ended March 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Exchange differences	260,385	327,743
Loss on disposal of property, plant and equipment	6,705	4,684
Impairment loss on property, plant and equipment	421	61
Loss on disposal of intangible assets	12,124	9,814
Impairment loss on intangible assets	22,317	1,137
Loss on valuation of derivatives	34	-
Others	2,925	3,542
<b>Total</b>	<b>304,911</b>	<b>346,981</b>



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**26. Earnings (Losses) per Share**

The Company has no potential dilutive ordinary shares. Accordingly, basic earnings (losses) per share is identical to diluted earnings (losses) per share.

- (a) Basic earnings (losses) per ordinary share for the three-month periods ended March 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit (loss) attributable to ordinary shares <i>(in millions of Korean won)</i>	(22,745)	593,968
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,638	162,884,641
Basic earnings (losses) per ordinary share <i>(in Korean won)</i>	(140)	3,647

- (b) Basic earnings (losses) per preferred share for the three-month periods ended March 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit (loss) attributable to preferred shares <i>(in millions of Korean won)</i>	(2,184)	62,868
Weighted average number of preferred shares outstanding <i>(unit: shares)</i>	17,181,299	17,181,300
Basic earnings (losses) per preferred share <i>(in Korean won)</i>	(127)	3,659

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**27. Cash Flow Information**

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the three-month periods ended March 31, 2021 and 2020, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit (loss) for the period	(24,929)	656,836
Adjustments:		
Interest expense, net	51,831	58,725
Exchange differences, net	25,284	53,221
Depreciation	193,674	190,901
Amortization	144,095	79,491
Loss on disposal of property, plant and equipment and intangible assets, net	17,014	12,740
Provisions for severance benefits	86,148	78,770
Additional provisions, net	91,269	43,844
Dividend income	(12,195)	(11,498)
Income tax expense (benefit)	(25,809)	191,257
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	(666,667)
Other	31,891	(9,526)
	<u>603,202</u>	<u>21,258</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(184,514)	(458,024)
Decrease (increase) in other receivables	(4,839)	261,958
Increase in inventories	(99,608)	(144,047)
Decrease (increase) in contract assets	58,705	(5,668)
Decrease (increase) in other assets	(47,393)	21,221
Increase in trade payables	377,964	154,637
Decrease in other payables	(179,004)	(226,999)
Decrease in provisions	(96,071)	(120,916)
Increase (decrease) in contract liabilities	27,821	(36,996)
Decrease in other liabilities	(152,461)	(198,561)
Payment of defined benefit liability	(10,933)	(6,657)
Deposit in plan assets, net	(11,717)	(12,386)
	<u>(322,050)</u>	<u>(772,438)</u>
<b>Cash generated from operations</b>	<u>256,223</u>	<u>(94,344)</u>

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(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	2021					
	At January 1	Net cash flows from financing activities	Non-cash transactions			At March 31
			Additions	Exchange differences	Amortization and others	
Short-term borrowings	200,736	57,842	-	(2,134)	-	256,444
Long-term borrowings	2,685,393	(56,571)	-	6,115	-	2,634,937
Debentures	4,938,569	(240,282)	-	14,541	567	4,713,395
Lease liabilities	121,870	(19,086)	10,659	6	20	113,469
<b>Total</b>	<b>7,946,568</b>	<b>(258,097)</b>	<b>10,659</b>	<b>18,528</b>	<b>587</b>	<b>7,718,245</b>

  

<i>(in millions of Korean won)</i>	2020					
	At January 1	Net cash flows from financing activities	Non-cash transactions			At March 31
			Additions	Exchange differences	Amortization and others	
Short-term borrowings	233,537	-	-	9,220	-	242,757
Long-term borrowings	2,865,789	163,214	-	28,326	-	3,057,329
Debentures	5,120,755	88,681	-	26,399	610	5,236,445
Lease liabilities	128,277	(17,582)	20,632	313	79	131,719
<b>Total</b>	<b>8,348,358</b>	<b>234,313</b>	<b>20,632</b>	<b>64,258</b>	<b>689</b>	<b>8,668,250</b>

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2021	2020
Reclassification of construction-in-progress to property, plant and equipment	178,409	53,615
Reclassification of construction-in-progress to intangible assets	70,149	59,648
Reclassification of current portion of borrowings and debentures	404,678	416,329
Other payables to acquire property, plant and equipment	14,040	28,366
Other payables to acquire intangible assets	4,680	2,781
Acquisition of right-of-use assets	12,046	25,276

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**28. Contingencies**

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩228,929 million (December 31, 2020: ₩241,647 million) from Seoul Guarantee Insurance and one other financial institution relating to the performance guarantees. The Company is also provided with guarantee of principal amounting to EUR 100 million (December 31, 2020: EUR 100 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,377,416 million (December 31, 2020: ₩3,336,055 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	<b>Beneficiaries</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	976,915	980,723
LG Electronics do Brasil Ltda.(LGEBR)	Chubb and others	542,430	541,707
LG Electronics U.S.A., Inc.(LGEUS)	Citibank and others	539,934	518,260
LG Electronics (China) Co., Ltd.(LGECH)	Citibank and others	271,711	261,706
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	177,303	175,479
LG Electronics Algeria SARL(LGEAS)	Citibank and others	114,911	114,455
LG Electronics Inc Chile Limitada(LGECL)	Scotiabank and others	110,632	114,954
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	101,293	98,437
LG Electronics Ticaret A.S.(LGETK)	HSBC and others	81,615	80,853
LG Electronics Colombia Limitada(LGECB)	Citibank and others	74,925	79,920
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	53,361	51,186
LG Electronics RUS, LLC(LGERA)	Citibank	45,340	43,520
LG Electronics Almaty Kazakhstan Limited Liability Partnership(LGEAK)	Citibank	45,340	43,520
LG Electronics (M) Sdn. Bhd(LGEML)	Citibank	34,551	33,179
LG Electronics Mexico S.A. DE C.V. (LGEMS)	BBVA	34,005	32,640
LG Electronics Philippines Inc.(LGEPH)	Citibank and others	30,740	29,591
LG Electronics Italia S.P.A.(LGEIS)	Intesa	26,566	26,765
LG Electronics Japan, Inc.(LGEJP)	Woori and others	20,547	21,085
LG Electronics Singapore Pte.Ltd.(LGESL)	HSBC and others	19,745	21,822
P.T. LG Electronics Indonesia(LGEIN)	HSBC and others	17,002	16,320
Others	Citibank and others	58,550	49,933
<b>Total</b>		<b>3,377,416</b>	<b>3,336,055</b>

## LG Electronics Inc.

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(c) At the end of the reporting period, the Company is providing KEB Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2020: ₩46,000 million).

(d) There are a number of legal actions, disputes and investigations arising from the normal course of business that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Company cannot reflect a reasonable expectation. Management does not expect the outcome of the litigations will have a material effect on the Company's financial position.

#### 29. Commitments

(a) At the end of the reporting period, the Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩165,500 million (December 31, 2020: ₩165,500 million).

(b) At the end of the reporting period, the Company has sales agreements for export trade receivables with KEB Hana Bank and 18 other banks amounting to ₩2,062,920 million (December 31, 2020: ₩1,910,416 million) and has sales agreements for domestic trade receivables with MUFG Bank and two other banks amounting to ₩1,050,000 million (December 31, 2020: ₩1,050,000 million).

(c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with Shinhan Bank and seven other banks for up to ₩1,190,000 million (December 31, 2020: ₩1,190,000 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, the Company has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩730,101 million (December 31, 2020: ₩720,864 million).

(e) Contractual commitments for the acquisition of assets

Assets contracted for, but not yet acquired at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Property, plant and equipment	318,194	131,764
Intangible assets	80,008	81,436
Investments in subsidiaries, associates and joint ventures	83,655	78,651
<b>Total</b>	<b>481,857</b>	<b>291,851</b>

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(f) Operating lease commitments – the Company as a lessor

- i) The Company has non-cancellable operating lease agreements regarding healthcare rental business that lends water purifiers and others to customers. The future aggregate lease receipts under operating leases at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>				<b>Total lease payments</b>
	<b>1 year or less</b>	<b>1 to 2 years</b>	<b>2 to 3 years</b>	<b>3 to 4 years</b>	
Healthcare rental	521,581	324,578	160,145	32,963	1,039,267

- ii) The Company recognized ₩170,251 million (March 31, 2020: ₩131,176 million) in lease income for the three-month period ended March 31, 2021.

(g) Trademark license agreements

At the end of the reporting period, the Company has various agreements as follows:

<b>Purpose</b>	<b>Related products</b>	<b>Provided by</b>	<b>Used by</b>
Use of license	Home appliance /Mobile	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	Home appliance /Mobile	LG Electronics Inc.	Panasonic Corporation and others

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**30. Related Party**

(a) Major transactions for the three-month periods ended March 31, 2021 and 2020, and balances of receivables and payables from transaction with related parties as at March 31, 2021 and December 31, 2020, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2021					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	121	-	121	-	33,882	33,882
Subsidiaries	LG Innotek Co., Ltd.	20,873	6,147	27,020	65,716	1,269	66,985
	Hiplaza Co., Ltd.	569,406	2,073	571,479	2,768	4,800	7,568
	LG Electronics U.S.A., Inc.	1,176,852	172	1,177,024	1,503	8,803	10,306
	LG Electronics Vietnam Hai Phong Co., Ltd	400,305	178	400,483	103,082	10,870	113,952
	LG Electronics do Brasil Ltda.	118,359	-	118,359	2,473	556	3,029
	LG Electronics Canada, Inc.	85,376	-	85,376	-	1,776	1,776
	LG ELECTRONICS AUSTRALIA PTY LIMITED	90,439	12	90,451	-	802	802
	LG Electronics RUS, LLC	68,248	4	68,252	-	747	747
	LG Electronics Deutschland GmbH	59,016	1,222	60,238	1,011	14,237	15,248
	LG Electronis Reynosa, S.A. De C.V.	97,229	-	97,229	79	-	79
	LG Electronics Mlawa Sp. z.O.O.	231,814	51	231,865	445	1,096	1,541
	LG Electronics Egypt S.A.E	26,911	-	26,911	-	168	168
	LG Electronics Nanjing New Technology co.,LTD	85,739	141	85,880	195,644	397	196,041
	LG Electronics Polska Sp. Z.O.O	44,027	9	44,036	439	1,393	1,832
	LG Electronics Panama, S.A.	42,005	40	42,045	-	154	154
	P.T. LG Electronics Indonesia	55,284	482	55,766	132,488	20	132,508
	LG Electronics Colombia Ltda.	493	5	498	-	160	160
	LG Electronics (Tianjin) Appliances Co., Ltd.	17,928	65	17,993	48,461	12	48,473
	LG Electronics Vehicle Components U.S.A., LLC.	40,682	6,982	47,664	629	5,729	6,358
	LG Electronics Mexico S.A. DE C.V.	72,711	12	72,723	-	143	143
	LG Electronics Peru S.A.	23,241	5	23,246	-	-	-
	LG Electronics European Shared Service Center B.V.	105,913	10	105,923	-	4,948	4,948
	Taizhou LG Electronics Refrigeration Co., Ltd.	30,624	13	30,637	54,260	8	54,268
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	52,690	-	52,690	2,041	1,811	3,852

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		2021					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>2</sup>	Total
	LG Electronics Inc Chile Ltda.	20,422	-	20,422	-	321	321
	LG Electronics United Kingdom Ltd.	30,052	-	30,052	357	2,901	3,258
	Hi-M.Solutek	6,833	11	6,844	3,507	10,250	13,757
	Others	799,069	544	799,613	133,604	101,550	235,154
	<b>Subtotal</b>	<b>4,372,541</b>	<b>18,178</b>	<b>4,390,719</b>	<b>748,507</b>	<b>174,921</b>	<b>923,428</b>
Associates	LG Display Co., Ltd. and its subsidiaries	112,222	22,183	134,405	72,589	-	72,589
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	291	-	291	8,187	7	8,194
	Robostar Co.,Ltd. and its subsidiaries	3	-	3	8,323	1,824	10,147
	ROBOTIS Co., Ltd.	-	-	-	-	3	3
	<b>Subtotal</b>	<b>112,516</b>	<b>22,183</b>	<b>134,699</b>	<b>89,099</b>	<b>1,834</b>	<b>90,933</b>
Joint ventures	LG-MRI LLC	4,242	-	4,242	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	38,315	-	38,315	27,623	76,866	104,489
	S&I Corp. and its subsidiaries	3,364	-	3,364	1,683	47,711	49,394
	LG Management Development Institute	4	21	25	3	9,729	9,732
	LG SPORTS Ltd.	2	-	2	-	2,593	2,593
	<b>Subtotal</b>	<b>41,685</b>	<b>21</b>	<b>41,706</b>	<b>29,309</b>	<b>136,899</b>	<b>166,208</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries and joint ventures	234,768	578	235,346	166,649	54	166,703
	LG INTERNATIONAL CORP and its subsidiaries	1,415	157	1,572	68,636	296,743	365,379
	LG Uplus Corp and its subsidiaries	8,368	1	8,369	624	660	1,284
	LG HAUSYS,LTD and its subsidiaries and associates	702	35	737	29	240	269
	Silicon Works Co., Ltd.	649	816	1,465	2,754	-	2,754
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	2,249	-	2,249	19	2	21
	GIR Inc. and its subsidiaries	9	-	9	-	40,285	40,285
	<b>Subtotal</b>	<b>248,160</b>	<b>1,587</b>	<b>249,747</b>	<b>238,711</b>	<b>337,984</b>	<b>576,695</b>
	<b>Total</b>	<b>4,779,265</b>	<b>41,969</b>	<b>4,821,234</b>	<b>1,105,626</b>	<b>685,520</b>	<b>1,791,146</b>



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		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	41	-	41	-	28,075	28,075
Subsidiaries	LG Innotek Co., Ltd.	13,574	7,162	20,736	63,391	1,484	64,875
	Hiplaza Co., Ltd.	489,318	2,922	492,240	-	6,864	6,864
	LG Electronics U.S.A., Inc.	1,129,742	127	1,129,869	1,314	12,437	13,751
	LG Electronics Vietnam Haiphong Co., Ltd.	554,381	642	555,023	40,945	4,430	45,375
	LG Electronics do Brasil Ltda.	127,997	868	128,865	39	1,674	1,713
	LG Electronics Canada, Inc.	57,117	-	57,117	3	1,353	1,356
	LG Electronics Australia Pty, Ltd.	60,897	1	60,898	-	911	911
	LG Electronics RUS, LLC	132,710	47	132,757	383	1,041	1,424
	LG Electronics Deutschland GmbH	4,177	621	4,798	880	12,311	13,191
	LG Electronics Reynosa S.A. DE C.V.	67,966	181	68,147	268	-	268
	LG Electronics Mlawa Sp. z.O.O.	107,231	60	107,291	652	2,290	2,942
	LG Electronics Egypt S.A.E	29,255	33	29,288	-	157	157
	LG Electronics Nanjing New Technology Co.,Ltd.	86,420	-	86,420	176,606	310	176,916
	LG Electronics Polska Sp. Z.O.O	33,879	1,277	35,156	374	1,020	1,394
	LG Electronics Panama, S.A. P.T. LG Electronics Indonesia	28,920	-	28,920	4	264	268
	LG Electronics Colombia Limitada	40,444	83	40,527	14,179	28	14,207
	LG Electronics Tianjin Appliances Co., Ltd.	6,058	-	6,058	-	326	326
	LG Electronics Vehicle Components U.S.A, LLC	18,038	3	18,041	31,941	15	31,956
	LG Electronics Mexico S.A. DE C.V	54,456	-	54,456	571	7,796	8,367
	LG Electronics Peru S.A.	35,684	-	35,684	-	324	324
	LG Electronics European Shared Service Center B.V.	22,982	6	22,988	-	282	282
	Taizhou LG Electronics Refrigeration Co., Ltd.	130,146	22,227	152,373	-	5,317	5,317
	LG Electronics Nanjing Vehicle Components Co., Ltd.	19,833	5	19,838	50,684	530	51,214
	LG Electronics Inc Chile Ltda.	39,985	-	39,985	2,588	123	2,711
	LG Electronics United Kingdom Ltd.	417	1	418	-	88	88
	Hi-M.Solutek	23,515	-	23,515	22	3,386	3,408
	Others	20,865	71	20,936	61,520	22,868	84,388
	<b>Subtotal</b>	<b>882,547</b>	<b>4,555</b>	<b>887,102</b>	<b>77,075</b>	<b>126,590</b>	<b>203,665</b>
		<b>4,218,554</b>	<b>40,892</b>	<b>4,259,446</b>	<b>523,439</b>	<b>214,219</b>	<b>737,658</b>

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		2020					
Classification	Name	Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others <sup>2</sup>	Total
Associates	LG Display Co., Ltd. and its subsidiaries	101,393	24,383	125,776	196,010	285	196,295
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	296	-	296	6,607	21	6,628
	Robostar Co.,Ltd.	2	-	2	15,670	15	15,685
	ROBOTIS Co., Ltd.	-	-	-	-	19	19
	Korea Information Certificate Authority Inc. <sup>3</sup>	1	-	1	-	39	39
	Acryl Inc.	-	-	-	-	156	156
	<b>Subtotal</b>		<b>101,692</b>	<b>24,383</b>	<b>126,075</b>	<b>218,287</b>	<b>535</b>
Joint ventures	LG-MRI LLC	3,470	-	3,470	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	34,845	1	34,846	31,774	70,608	102,382
	S&I Corp. and its subsidiaries	2,784	-	2,784	25,927	19,618	45,545
	LG Management Development Institute	2	-	2	-	5,586	5,586
	LG SPORTS Ltd.	1	-	1	-	2,163	2,163
	LG MMA Ltd.	1	-	1	-	-	-
	<b>Subtotal</b>		<b>37,633</b>	<b>1</b>	<b>37,634</b>	<b>57,701</b>	<b>97,975</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries and joint ventures	205,465	4,695	210,160	122,780	129	122,909
	LG INTERNATIONAL CORP and its subsidiaries	2,130	247	2,377	145,365	198,647	344,012
	LG Uplus Corp and its subsidiaries	22,468	45	22,513	865	35	900
	LG HAUSYS,LTD. and its subsidiaries and associates	1,483	50	1,533	2,916	41	2,957
	Silicon Works Co., Ltd.	594	685	1,279	2,781	-	2,781
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	18,975	-	18,975	47	5	52
	G IIR Inc. and its subsidiaries	10	-	10	1	49,096	49,097
	<b>Subtotal</b>		<b>251,125</b>	<b>5,722</b>	<b>256,847</b>	<b>274,755</b>	<b>247,953</b>
<b>Total</b>		<b>4,612,515</b>	<b>70,998</b>	<b>4,683,513</b>	<b>1,074,182</b>	<b>588,757</b>	<b>1,662,939</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entities belong to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> Others include interest expense of lease liabilities.

<sup>3</sup> All shares of Korea Information Certificate Authority Inc. were disposed during the three-month period ended March 31, 2020.

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ii) The balances of receivables from and payables to related parties

(in millions of Korean won)

		March 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	44	-	25,605	25,649	-	-	91,831	91,831
Subsidiaries	LG Innotek Co., Ltd.	18,882	-	14,585	33,467	69,876	-	22,066	91,942
	Hiplaza Co., Ltd.	277,337	-	26,632	303,969	-	-	8,489	8,489
	LG Electronics U.S.A., Inc.	483,050	-	105	483,155	-	-	3,039	3,039
	LG Electronics Vietnam Hai Phong Co., Ltd	158,791	-	111	158,902	525,168	-	4,109	529,277
	LG Electronics do Brasil Ltda.	76,969	-	-	76,969	2,560	-	440	3,000
	LG Electronics Canada, Inc.	40,906	-	-	40,906	-	-	482	482
	LG ELECTRONICS AUSTRALIA PTY LIMITED	54,915	-	-	54,915	-	-	288	288
	LG Electronics RUS, LLC	186,229	-	4	186,233	71	-	23,658	23,729
	LG Electronics Deutschland GmbH	340,417	-	1,222	341,639	-	-	6,954	6,954
	LG Electronis Reynosa, S.A. De C.V.	32,419	-	-	32,419	134,056	-	-	134,056
	LG Electronics Mlawa Sp. z.O.O.	139,759	-	-	139,759	920,917	-	363	921,280
	LG Electronics Egypt S.A.E	21,566	-	52,077	73,643	13,480	-	2,576	16,056
	LG Electronics Nanjing New Technology Co., Ltd.	43,595	-	8	43,603	308,694	-	42	308,736
	LG Electronics Polska Sp. Z.O.O	56,709	-	9	56,718	-	-	623	623
	LG Electronics Panama, S.A.	105,865	-	40	105,905	-	-	96	96
	P.T. LG Electronics Indonesia	22,484	-	198	22,682	367,267	-	-	367,267
	LG Electronics Colombia Ltda.	67,347	-	5	67,352	-	-	88	88
	LG Electronics (Tianjin) Appliances Co., Ltd.	17,205	-	716	17,921	87,815	-	-	87,815
	LG Electronics Vehicle Components U.S.A., LLC.	134,747	-	6,960	141,707	-	-	1,984	1,984
	LG Electronics Mexico S.A. DE C.V.	122,610	-	12	122,622	-	-	198	198
	LG Electronics Peru S.A.	79,524	-	2	79,526	-	-	31	31
	LG Electronics European Shared Service Center B.V.	37,480	-	-	37,480	-	464,902	466	465,368
	Taizhou LG Electronics Refrigeration Co., Ltd.	32,497	-	13	32,510	266,651	-	3,757	270,408
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	75,660	-	-	75,660	39,392	-	519	39,911

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		March 31, 2021							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
	LG Electronics Inc Chile Ltda.	57,913	-	-	57,913	-	-	144	144
	LG Electronics United Kingdom Ltd.	84,693	-	65	84,758	-	-	1,451	1,451
	Hi-M.Solutek	3,952	-	32	3,984	-	-	11,604	11,604
	Others	1,076,345	-	4,238	1,080,583	1,090,717	-	86,095	1,176,812
	<b>Subtotal</b>	<b>3,849,866</b>	<b>-</b>	<b>107,034</b>	<b>3,956,900</b>	<b>3,826,664</b>	<b>464,902</b>	<b>179,562</b>	<b>4,471,128</b>
Associates	LG Display Co., Ltd. and its subsidiaries	115,563	-	63,077	178,640	62,080	-	83,184	145,264
	Ericsson-LG Co., Ltd.	-	-	5,250	5,250	-	-	-	-
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	163	-	-	163	31,860	-	192	32,052
	Robostar Co.,Ltd.	-	-	-	-	229	-	16,613	16,842
	Acryl Inc.	-	-	-	-	-	-	57	57
	<b>Subtotal</b>	<b>115,726</b>	<b>-</b>	<b>68,327</b>	<b>184,053</b>	<b>94,169</b>	<b>-</b>	<b>100,046</b>	<b>194,215</b>
Joint ventures	LG-MRI LLC.	5,301	-	-	5,301	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	40,531	-	25	40,556	1,443	-	84,683	86,126
	S&I Corp. and its subsidiaries	4,368	-	21,872	26,240	-	-	53,610	53,610
	LG Management Development Institute	1	-	13,363	13,364	-	-	650	650
	LG SPORTS Ltd.	-	-	-	-	-	-	1,168	1,168
	<b>Subtotal</b>	<b>44,900</b>	<b>-</b>	<b>35,260</b>	<b>80,160</b>	<b>1,443</b>	<b>-</b>	<b>140,111</b>	<b>141,554</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries and joint ventures	331,487	-	138,658	470,145	227,034	-	19,207	246,241
	LG INTERNATIONAL CORP and its subsidiaries	12,776	-	31	12,807	46,647	-	171,163	217,810
	LG Uplus Corp and its subsidiaries	5,763	-	-	5,763	-	-	7,619	7,619
	LG HAUSYS,LTD and its subsidiaries and associates	813	-	31	844	291	-	379	670
	Silicon Works Co., Ltd.	-	-	-	-	2,754	-	-	2,754
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	1,459	-	21,925	23,384	-	-	144	144
	GIR Inc. and its subsidiaries	-	-	-	-	-	-	130,497	130,497
	<b>Subtotal</b>	<b>352,298</b>	<b>-</b>	<b>160,645</b>	<b>512,943</b>	<b>276,726</b>	<b>-</b>	<b>329,009</b>	<b>605,735</b>
	<b>Total</b>	<b>4,368,135</b>	<b>-</b>	<b>396,871</b>	<b>4,765,006</b>	<b>4,199,002</b>	<b>464,902</b>	<b>840,559</b>	<b>5,504,463</b>

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(in millions of Korean won)

		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
Significantly influencing the Company	LG Corp.	5	-	25,605	25,610	-	-	27,881	27,881
Subsidiaries	LG Innotek Co., Ltd.	45,013	-	3,344	48,357	68,292	-	27,107	95,399
	Hiplaza Co., Ltd.	190,468	-	27,055	217,523	-	-	8,307	8,307
	LG Electronics U.S.A., Inc.	664,087	-	2,213	666,300	-	-	10,711	10,711
	LG Electronics Vietnam Hai Phong Co., Ltd	370,556	-	240	370,796	527,257	-	2,603	529,860
	LG Electronics do Brasil Ltda.	61,209	-	46,560	107,769	205	-	659	864
	LG Electronics Canada, Inc.	47,914	-	-	47,914	-	-	668	668
	LG ELECTRONICS AUSTRALIA PTY LIMITED	33,216	-	-	33,216	-	-	347	347
	LG Electronics RUS, LLC	156,807	-	263	157,070	766	-	259	1,025
	LG Electronics Deutschland GmbH	352,277	-	325	352,602	-	-	9,129	9,129
	LG Electronis Reynosa, S.A. De C.V.	27,987	-	-	27,987	155,249	-	9,977	165,226
	LG Electronics Mlawa Sp. z.O.O.	142,526	-	1,002	143,528	974,406	-	299	974,705
	LG Electronics Egypt S.A.E	17,477	-	52,085	69,562	4,684	-	378	5,062
	LG Electronics Nanjing New Technology Co., Ltd.	59,619	-	-	59,619	262,788	-	274	263,062
	LG Electronics Polska Sp. Z.O.O	91,031	-	9	91,040	-	-	641	641
	LG Electronics Panama, S.A.	69,134	-	-	69,134	-	-	37	37
	P.T. LG Electronics Indonesia	18,009	-	1,369	19,378	397,444	-	894	398,338
	LG Electronics Colombia Ltda.	90,538	-	-	90,538	-	-	128	128
	LG Electronics (Tianjin) Appliances Co., Ltd.	16,504	-	650	17,154	68,359	-	-	68,359
	LG Electronics Vehicle Components U.S.A., LLC.	140,658	-	6,039	146,697	-	-	2,848	2,848
	LG Electronics Mexico S.A. DE C.V.	97,492	-	-	97,492	-	-	191	191
	LG Electronics Peru S.A.	71,963	-	-	71,963	-	-	31	31
	LG Electronics European Shared Service Center B.V.	41,088	-	-	41,088	-	468,384	-	468,384
	Taizhou LG Electronics Refrigeration Co., Ltd.	34,074	-	99	34,173	195,638	-	18	195,656
	LG Electronics Nanjing Vehicle Components Co.,Ltd.	89,619	-	578	90,197	24,326	-	4,629	28,955
	LG Electronics Inc Chile Ltda.	71,406	-	-	71,406	-	-	272	272

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		December 31, 2020							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables <sup>2</sup>	Total
	LG Electronics United Kingdom Ltd.	128,120	-	75	128,195	-	-	1,019	1,019
	Hi-M.Solutek	10,905	-	81	10,986	-	-	39,915	39,915
	Others	814,519	-	7,534	822,053	715,806	-	60,384	776,190
	<b>Subtotal</b>	<b>3,954,216</b>	<b>-</b>	<b>149,521</b>	<b>4,103,737</b>	<b>3,395,220</b>	<b>468,384</b>	<b>181,725</b>	<b>4,045,329</b>
Associates	LG Display Co., Ltd. and its subsidiaries	74,434	-	66,681	141,115	72,374	-	64,713	137,087
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	473	-	-	473	24,672	-	243	24,915
	Robostar Co.,Ltd. and its subsidiaries	-	-	-	-	214	-	17,884	18,098
	Acryl Inc.	-	-	-	-	-	-	229	229
	<b>Subtotal</b>	<b>74,907</b>	<b>-</b>	<b>66,681</b>	<b>141,588</b>	<b>97,260</b>	<b>-</b>	<b>83,069</b>	<b>180,329</b>
Joint ventures	LG-MRI LLC	2,107	-	-	2,107	-	-	-	-
Other related parties	LG CNS Co., Ltd. and its subsidiaries	27,712	-	959	28,671	2,104	-	203,692	205,796
	S&I Corp. and its subsidiaries	5,397	-	21,871	27,268	-	-	58,673	58,673
	LG Management Development Institute	1	-	15,660	15,661	-	-	1,315	1,315
	LG SPORTS Ltd.	-	-	-	-	-	-	1,883	1,883
	<b>Subtotal</b>	<b>33,110</b>	<b>-</b>	<b>38,490</b>	<b>71,600</b>	<b>2,104</b>	<b>-</b>	<b>265,563</b>	<b>267,667</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries and joint ventures	264,920	-	186,263	451,183	186,434	-	14,398	200,832
	LG INTERNATIONAL CORP and its subsidiaries	15,060	-	7	15,067	91,789	-	180,879	272,668
	LG Uplus Corp and its subsidiaries	39,914	-	1	39,915	-	-	718	718
	LG HAUSYS,LTD and its subsidiaries and associates	1,083	-	12	1,095	311	-	106	417
	Silicon Works Co., Ltd.	-	-	28	28	2,884	-	1,237	4,121
	LG HOUSEHOLD & HEALTH CARE LTD. and its subsidiaries	11,398	-	22,069	33,467	-	-	1,037	1,037
	GIR Inc. and its subsidiaries	-	-	140	140	-	-	148,359	148,359
	<b>Subtotal</b>	<b>332,375</b>	<b>-</b>	<b>208,520</b>	<b>540,895</b>	<b>281,418</b>	<b>-</b>	<b>346,734</b>	<b>628,152</b>
	<b>Total</b>	<b>4,396,720</b>	<b>-</b>	<b>488,817</b>	<b>4,885,537</b>	<b>3,776,002</b>	<b>468,384</b>	<b>904,972</b>	<b>5,149,358</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entities belong to the Large Enterprise Group to which the Company also belongs to in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> Other payables include lease liabilities.

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iii) Significant capital transactions with related parties and others for the three-month periods ended March 31, 2021 and 2020, are as follows:

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid <sup>1</sup>	Cash distribution	2021			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments <sup>2</sup>
Significantly influencing the Company	LG Corp.	-	66,113	-	-	-	-	6,829
Subsidiaries	LG Innotek Co., Ltd.	6,757	-	-	-	-	-	-
	LG Electronics Fund I LLC	-	-	3,644	-	-	-	-
	<b>Subtotal</b>	<b>6,757</b>	<b>-</b>	<b>3,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Associates	Ericsson-LG Co., Ltd.	5,250	-	-	-	-	-	-
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	2,132	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	2,132	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	-	-	303	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>4,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>12,007</b>	<b>66,113</b>	<b>8,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,829</b>

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid <sup>1</sup>	Cash distribution	2020			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments <sup>2</sup>
Significantly influencing the Company	LG Corp.	-	41,321	-	-	-	-	6,849
Subsidiaries	LG Innotek Co., Ltd.	2,896	-	-	-	-	-	-
	LG Electronics Fund I LLC.	-	-	303	-	-	-	-
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	230,960	(230,960)
	<b>Subtotal</b>	<b>2,896</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>230,960</b>	<b>(230,960)</b>
Associates	Ericsson-LG Co., Ltd.	8,250	-	-	-	-	-	-
	Korea Information Certificate Authority Inc. <sup>3</sup>	201	-	-	-	-	-	-
	<b>Subtotal</b>	<b>8,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Joint ventures	LG-LHT Aircraft Solutions GmbH	-	-	2,016	-	-	-	-
	LG-LHT Passenger Solutions GmbH	-	-	1,147	-	-	-	-
	GUANGDONG SMART LIFE TECHNOLOGY CO., LTD.	-	-	300	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>3,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>11,347</b>	<b>41,321</b>	<b>3,766</b>	<b>-</b>	<b>-</b>	<b>230,960</b>	<b>(224,111)</b>

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<sup>1</sup> It is based on dividends declared and recognized as 'other payables' as at March 31, 2021.

<sup>2</sup> Repayments of financing borrowing transactions include repayment of principal elements of lease liabilities.

<sup>3</sup> All shares of Korea Information Certificate Authority Inc. were disposed during the three-month period ended March 31, 2020.

(b) The compensation paid or payable to key management personnel for the three-month periods ended March 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Salaries and other short-term benefits	6,732	5,161
Post-employment benefits	584	612
Other long-term benefits	22	9
<b>Total</b>	<b>7,338</b>	<b>5,782</b>

Key management refers to the directors who have significant control and responsibilities on the Company's business plans, operations and control.

(c) The payment guarantees for the financial support of related parties at the end of the reporting period are presented in Note 28.

(d) There is no collateral provided by the Company for the financial support of related parties at the end of the reporting period.

(e) The Company has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.



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**31. Risk Management**

**Financial Risk Management**

The Company's financial risk management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

While cooperating with other divisions, Finance Division in the Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Company mitigates the adverse effects from financial risk by monitoring the risk periodically and updating FRM policy each year.

The carrying amount and profit or loss of each category of financial instruments, and the details of borrowings related to the financial risk management are presented in Note 4 and Note 11, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Company is mainly exposed to foreign exchange risk on the U.S. Dollar and Euro.

The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Company continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.

As at March 31, 2021 and December 31, 2020, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency by 10% while other variables were fixed, the effects on profit (loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	(10,734)	10,734	(8,565)	8,565
EUR/KRW	4,473	(4,473)	1,765	(1,765)

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ii) Interest rate risk

The Company is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Company minimizes its borrowings from others and optimizes its deposits. The Company periodically monitors both domestic and foreign interest rate trends to establish countermeasures against changes in interest rates.

If interest rates fluctuate by 1%p with all other variables held constant, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the three-month periods ended March 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
	1%p increase	1%p decrease	1%p increase	1%p decrease
Interest income	3,895	(3,895)	3,177	(3,177)
Interest expenses	664	(664)	1,281	(1,281)

iii) Details of derivative contracts are as follows:

The Company entered into the cross-currency swap and interest rate swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates.

Details of hedging instruments are as follows:

	Contractor	Contracted amount <i>(in millions)</i>	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount <i>(in millions of Korean won)</i>	
							Assets	Liabilities
Cross-currency swap	MUFG Bank and others	USD 485 (USD/KRW)	1,067.9 ~ 1,155.2	2.17 ~ 3.64	2017. 2. 2 ~ 2018. 6. 8	2023. 2. 2 ~ 2028. 6. 8	494	15,216
	HSBC Seoul	EUR 150 (EUR/KRW)	1,329.0	0.78	2020. 4. 28	2021. 4. 28	-	50
	DBS	SGD 140 (SGD/KRW)	859.3	1.21	2020. 7. 9	2024. 1. 9	-	2,178
Interest rate swap	Woori Bank and others	KRW 1,115,107 / EUR 100	-	1.00 ~ 4.53	2014. 1. 3 ~ 2017. 8. 24	2023. 2. 24 ~ 2030. 7. 7	-	50,221

Interest rates received for the above swap contracts are equal to annual interest rates of borrowings (Note 11).

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Details of hedged items are as follows:

<i>(in millions of Korean won)</i>	<b>Hedged items</b>	<b>Book amount</b>	<b>Changes in fair value (net of tax)</b>
Cross-currency swap	Borrowings	865,082	(21,302)
Interest rate swap	Borrowings	1,247,444	(9,918)

The results of hedge accounting are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in fair value of derivatives (net of tax)</b>	<b>Line items in profit or loss</b>	<b>Reclassified to profit or loss (net of tax)</b>	<b>Other comprehensive loss (net of tax)</b>	<b>Accumulated other comprehensive loss</b>
Cross-currency swap	21,302	Interest expense and exchange differences	(15,269)	6,033	(18,947)
Interest rate swap	9,918	Interest expense	4,223	14,141	(33,905)

*Trading purposes*

The Company entered into the currency forward contracts to manage the risk against possible future changes in foreign exchange rates. The Company's currency forward contracts as at March 31, 2021, and related profit or loss for the three-month period ended March 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	<b>Purchase</b>	<b>Sale</b>	<b>Loss on valuation</b>	<b>Gain on transaction</b>
Currency forward	7,052	6,950	(31)	-

iv) Price risk

The Company is exposed to price risk through equity securities owned by the Company classified as financial assets at fair value through other comprehensive income.

The listed securities owned by the Company are traded in the open market, and related to KOSDAQ Index.

The effect of price index's fluctuation related to the listed securities on the equity (before applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are consistent and the listed securities owned by the Company have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>		<b>December 31, 2020</b>	
	<b>30% increase</b>	<b>30% decrease</b>	<b>30% increase</b>	<b>30% decrease</b>
KOSDAQ	10,451	(10,451)	12,742	(12,742)

The valuation and changes in book amounts of the financial assets at fair value through other comprehensive income related to the market risk above are presented in Note 6.

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(b) Credit risk

The Company operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposures.

In regard to receivables, the Company operates an integrated receivable insurance program with the Korea Trade Insurance Corporation (K-SURE) and Seoul Guarantee Insurance (Coface). In an effort to minimize receivable credit risk, the Company applies the credit rating of the counterparty rated by insurers, when determining the insurance coverage. In addition, the Company performs stringent credit risk managements based on credit valuation criteria for receivables without insurance coverage or collateral.

At the end of the reporting period, trade receivable balance of the Company, excluding the trade receivables from the subsidiaries, is ₩1,438,031 million (December 31, 2020: ₩1,106,259 million) and its risk is managed appropriately within insurer's credit limit of ₩2,263,684 million (December 31, 2020: ₩2,470,258 million). Therefore, the Company determined that credit risk exposed to the Company is limited.

At the end of the reporting period, the carrying amount of financial assets represents net of impairment loss to reflect Company's maximum exposure to the credit risk.

(c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular basis to manage liquidity risk proactively. The Company systematically works with experts in four regional treasury centers to carry out fund and liquidity management that can react proactively to the changing global financial environment.

The Company maintains adequate amount of cash and committed credit facilities in Kookmin Bank and Shinhan Bank to cope with potential liquidity risk arising from financial distress.

In addition, the Company is able to source funds any time in the domestic and international financial markets because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB from Standard & Poors, and Baa3 from Moody's at the end of the reporting period.

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i) Cash flow information on maturity of financial liabilities as at March 31, 2021, is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,710,252	6,710,252	-	-	-
Borrowings	8,784,903	1,266,509	1,213,614	2,694,748	3,610,032
Lease liabilities	117,701	66,131	31,107	17,827	2,636
Other payables	1,981,895	1,981,695	200	-	-
<b>Total</b>	<b>17,594,751</b>	<b>10,024,587</b>	<b>1,244,921</b>	<b>2,712,575</b>	<b>3,612,668</b>

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

ii) The maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and third party companies is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	3,423,416	2,628,731	337,490	190,822	266,373

The financial guarantee contracts provided to the subsidiaries are analyzed by their maturities according to the residual periods. And, the financial guarantee contracts provided to the third party companies are analyzed at the maximum amount of guarantees allocated to earliest period in which the Company can be required to make the payments.

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**Capital Risk Management**

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve the capital structure.

Debt-to-equity ratio and net borrowing ratio as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Liability (A)	19,734,747	19,778,254
Equity (B)	9,768,209	9,921,733
Cash and cash equivalents (C)	1,557,901	1,916,739
Borrowings and lease liabilities (D)	7,718,244	7,946,568
Debt-to-equity ratio (A/B)	202.0%	199.3%
Net borrowings ratio ((D-C)/B)	63.1%	60.8%

**Fair Value Estimation**

(a) The book amount and fair value of the Company's financial assets and liabilities as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	3	3	40,106	40,106
Financial assets at fair value through other comprehensive income				
Trade receivables	9,179	1	-	-
Other financial assets	-	-	57,202	57,202
Derivatives for hedging purposes				
Other financial assets	-	-	494	494
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,557,901	1	-	-
Deposits held by financial institutions	80,000	1	1,510	1,510
Trade receivables	5,213,051	1	-	-
Other receivables	373,504	1	204,688	178,832
<b>Total</b>	<b>7,233,638</b>		<b>304,000</b>	

# LG Electronics Inc.

## Notes to the Separate Interim Financial Statements

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<i>(in millions of Korean won)</i>	March 31, 2021			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	34	34	-	-
Derivatives for hedging purposes				
Other financial liabilities	3,461	3,461	64,204	64,204
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,710,252	<sup>1</sup>	-	-
Borrowings	1,057,160	<sup>1</sup>	6,547,616	6,916,174
Other payables	1,981,695	<sup>1</sup>	200	198
<b>Other liabilities</b>				
Lease liabilities	62,761	<sup>2</sup>	50,707	<sup>2</sup>
Other financial liabilities	6,542	<sup>3</sup>	6,406	<sup>3</sup>
<b>Total</b>	<b>9,821,905</b>		<b>6,669,133</b>	

<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	-	-	29,554	29,554
Financial assets at fair value through other comprehensive income				
Trade receivables	74,935	<sup>1</sup>	-	-
Other financial assets	-	-	64,850	64,850
Derivatives for hedging purposes				
Other financial assets	1,750	1,750	-	-
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	1,916,739	<sup>1</sup>	-	-
Deposits held by financial institutions	80,000	<sup>1</sup>	1,371	1,371
Trade receivables	4,920,364	<sup>1</sup>	-	-
Other receivables	425,809	<sup>1</sup>	191,172	181,898
<b>Total</b>	<b>7,419,597</b>		<b>286,947</b>	

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Derivatives for hedging purposes				
Other financial liabilities	-	-	118,614	118,614
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,290,494	<sup>1</sup>	-	-
Borrowings	1,013,345	<sup>1</sup>	6,811,353	6,999,601
Other payables	1,999,555	<sup>1</sup>	200	197
<b>Other liabilities</b>				
Lease liabilities	68,346	<sup>2</sup>	53,524	<sup>2</sup>
Other financial liabilities	6,215	<sup>3</sup>	6,636	<sup>3</sup>
<b>Total</b>	<b>9,377,955</b>		<b>6,990,327</b>	

<sup>1</sup> Excluded from disclosure such as fair value hierarchy and measurement method as the book amount is the reasonable approximate of fair value.

<sup>2</sup> Lease liabilities were excluded from the fair value disclosures in accordance with Korean IFRS 1107 *Financial Instruments: Disclosures*.

<sup>3</sup> Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*, and excluded from disclosure as there is no significant difference between the book amount and its fair value.

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. When measuring fair value using valuation techniques, the Company maximizes the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted prices in an active market for identical assets or liabilities are included in 'level 1'. Assets or liabilities categorized within 'level 1' are financial instruments such as marketable equity securities traded.

- Level 2: When financial instruments are measured by using a discounted cash flow, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Assets or liabilities categorized within 'level 2' are financial instruments such as derivative financial instruments.



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- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. The assets or liabilities categorized within 'level 3' are unlisted equity securities and debt securities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price for financial assets held by the Company is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily listed equity securities classified as financial assets at fair value through other comprehensive income.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses various valuation techniques that the Company develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

If one or more of the significant inputs are not based on observable market data, the instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2021</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	31,286	-	25,916	57,202
Financial assets at fair value through profit or loss	-	3	40,106	40,109
Derivatives for hedging purposes	-	494	-	494
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	34	-	34
Derivatives for hedging purposes	-	67,665	-	67,665

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<i>(in millions of Korean won)</i>	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income	38,934	-	25,916	64,850
Financial assets at fair value through profit or loss	-	-	29,554	29,554
Derivatives for hedging purposes	-	1,750	-	1,750
<b>Liabilities</b>				
Other financial liabilities				
Derivatives for hedging purposes	-	118,614	-	118,614

The above fair value amounts are recurring fair value measurements.

- Valuation technique and inputs for fair value measurements categorized within 'level 2'

Valuation technique and inputs for fair value measurements categorized within 'level 2' as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	March 31, 2021	December 31, 2020		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	3	-	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	494	1,750	Discounted cash flow	Discount rate and exchange rate
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	34	-	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	67,665	118,614	Discounted cash flow	Discount rate and exchange rate

- Valuation technique and inputs of fair value measurements categorized within 'level 3'

At the end of the reporting period, financial instruments measured at fair value categorized within 'level 3' comprise unlisted equity securities and debt securities and are measured using discounted cash flow considering discount rate and others as inputs.

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iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Financial instruments not measured at fair value but for which the fair value is disclosed as at March 31, 2021 and December 31, 2020, are as follows:

	<b>March 31, 2021</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	1,510	1,510
Non-current other receivables	-	-	178,832	178,832
<b>Liabilities</b>				
Non-current borrowings	-	-	6,916,174	6,916,174
Non-current other payables	-	-	198	198
	<b>December 31, 2020</b>			
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	1,371	1,371
Non-current other receivables	-	-	181,898	181,898
<b>Liabilities</b>				
Non-current borrowings	-	-	6,999,601	6,999,601
Non-current other payables	-	-	197	197

- Valuation technique and inputs for fair value measurements categorized within 'level 2'

At the end of the reporting period, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 2'.

- Disclosure in relation to fair value measurements categorized within 'level 3'

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Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2021		December 31, 2020		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
<b>Assets</b>								
Non-current deposits held by financial institutions	1,510	1,510	1,371	1,371	Discounted cash flow	Discount rate	Discount rate	0.1%
Non-current other receivables	204,688	178,832	191,172	181,898	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.9%~3.1%
<b>Liabilities</b>								
Non-current borrowings	6,547,616	6,916,174	6,811,353	6,999,601	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.0%~3.4%
Non-current other payables	200	198	200	197	Discounted cash flow	Discount rate	Discount rate	1.0%~1.1%

**32. Assets Classified as Held for Sale**

(a) Details of assets classified as held for sale as at March 31, 2021 and December 31, 2020, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2021 <sup>1</sup>	December 31, 2020
Assets classified as held for sale		
Land	9,723	9,723
Building	3,552	3,552
Other property, plant and equipment	71	71
<b>Total</b>	<b>13,346</b>	<b>13,346</b>

<sup>1</sup>At the end of the reporting period, procedure to sell the above assets is in progress and the selling procedure is expected to be completed by 2021.

(b) Assets held for sale are measured at fair value less costs to sell before the reclassification, and there is no impairment loss recognized.

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**33. Events After the Reporting Period**

The Company decided to discontinue the manufacture and sale of MC business in accordance with resolution of the Board of Directors on April 5, 2021 in order to focus on the Company's core business through firmwide resource efficiency and to secure financial resources for preparing new business for future growth by improving its financial structure.